GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1052
ANSWERED ON:28.07.2000
PREMIUM OF LIC POLICY
ASHOK KUMAR SINGH CHANDEL;BRAHMANAND MANDAL

Will the Minister of FINANCE be pleased to state:

(a) whether as per the terms and conditions of the Life Insurance Corporation of Indiaanyone after paying the premium amount continuously for three years can get the refund of the total premium amount;

(b) if so, whether the Policy holder who fails to pay the amount of premium for three years is not refunded;

(c) if so, the amount collected so far by the LIC due to such terms and conditions;

(d) whether the Government propose to abolish such harsh terms and conditions so that the policy holder may get the refund of the premium paid;

(e) if so, the time by which it is likely to be abolished; and

(f) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL)

(a): The Life Insurance Corporation of India (LIC) has informed that a policyacquires Paid up Value and Surrender Value after three years premium have been paid.

(b) & (c): The LIC has reported that in view of the initial expenses incurred and thecost of risk cover provided during the period the policy was in force, it is not possible for them to refund the premium amount in case the policy holder discontinues payment of premium within the three years. However, if the policy holder dies within this period when the policy is in force, the sum assured is paid to the beneficiary in full. Since the premium amount collected in the initial years is used for initial expenses and for covering the risk no surplus is left with LIC.

(d): No, Sir.

(e) & (f): Does not arise.